

ROLE OF SELF-HELP GROUPS IN EMPLOYMENT GENERATION: A CASE STUDY OF BALASORE DISTRICT, ODISHA

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DOI No. – 08.2020-25662434

Abstract

In India the majority of population lives in rural areas and is dependent on agriculture for sustained. Most of the rural people are poor and lives in below poverty line. Among the rural poor the percentage of women are more than of man. For the economic development of the country it is necessary to reduce poverty. Self-help groups are considered as one of the simple community based groups that reduced poverty by creating employment opportunities in rural areas. The present study focused on the role of self-help groups in generating employment (both farm and nonfarm employment) in rural areas. The study was conducted on a sample of 300 women members of self-help groups in the rural areas of Balasore district of Odisha. The respondent includes both leaders and members of SHGs. Multistage sample method has been used for collecting data. The collection of data was done with the help of questioners keeping in the view the objective of the study. The result of the study shows that SHG had played an important role in employment generation in rural areas by providing a platform to develop their skills and to involve in various economic activities which ensure the better survival of women on the household and increased their socio economic status. SHG has proved as a successful tool for employment generation in rural areas.

Keywords: Self Help Groups, Rural Poverty, Employment Generation.

INTRODUCTION

A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Poverty and unemployment are the major problem faced by any developing countries like India. Though the incidence of poverty has declined, the poverty is still a challenge and has been controversial issue because process of growth is accompanied with increasing intensity of poverty. Under this situation generating employment is a significant step to have sustained income and remove the shackles of poverty. Programmes for self-employment of the poor have been an important component of the anti-poverty programmes implemented through government initiatives in the rural areas of India.

For the economic and social development and specially to remove the poverty among the rural people National Bank For Agriculture And Rural Development(NABARD) has originated a linkage project on self-help groups in 1992. Self-help groups plays an very important role in reducing poverty in rural areas by generating both farm and non- farm employment. Farm employment refers to the employment related to agriculture and its related activities. For example workers including harvesting, forestry etc. On the other side non-farm employment refers to the employment not include in agriculture. Rural Non-Farm Sector (RNFS) includes all economic activities viz. Household and non-household manufacturing, handicraft, food processing, construction, mining, transport, trade, communication, community and personal services etc in rural areas.

SELF HELP GROUPS (SHGS)

Self-help groups are a small group of individuals' member who voluntarily come together and form an association for achieving a common objective. SHG are small in size with membership ranging from 10 to 20 of the same locality in the same village area and are homogenous. These groups start with saving and then use its savings to extent loans to SHG members to meet their emergency and other attendant needs. It is a viable organized set up to disburse micro credit to the rural people for the purpose of making them enterprising and encouraging them to enter in to entrepreneurial activities. The SHGs gives benefits not only to individual members but also for the family and community as a whole through collective action.

The Concept of SHG Is Based On the Following Characteristics

- Normally, an SHG consists of persons not less than 5 and maximum to 20 persons of similar economic outlook.
- The major objectives of these groups to improve both economic and social status of members.
- The form of SHGs mostly on an informal basis and has its own by-laws for the functioning of the group.
- Members are mutually agreed to contribute small amount of money regularly for creation of a common fund.
- Periodical meetings of members are held for proper functioning of group and for solving their problems.
- The savings of members are kept with a bank and is used for giving loans to members at the rate of interest decide by the group.
- loaning is mainly on the basis of mutual need and trust and the loaned amount are small and for short duration.

REVIEW OF LITERATURE

M. Saravanan (2016) stated that SHG is a significant indicator of rural development. It helps the rural women for their self-supportive life. It plays an important role in increase income of households, standard of living of participates, also plays a significant role in alleviating poverty and development in rural areas. Mrs M.L. Sailaja, Dr. V. Subramanyam and Dr. K. Nirmala (2016) explain SHGs allows people to save and borrow according to their own time table and play a path in social, commercial or social and political action as well as for financial intermediation. It also helps in eliminate the world poverty. Kumara and Mishra (2015) observed that women have substantially benefited from the SHG. SHG are providing platforms to these poor women to build their capacities and thereby self-empower themselves. Also found that SHG creates platform for self-employment by generating various employment opportunities. Kaur (2015) found SHGs are proved successful for the empowerment of rural women by the way of their entrepreneurial development which had put a major impact upon their social and economic life. More need is to be given for the development and encouragement of SHG for the achievement of the sustainable economic development among the member of the SHGs. Dr. K. R. Suprabha(2014), examine that microfinance can be an effective strategic instrument for poverty alleviation only if it used for income generating microenterprise development. The prospect and survival of SHGs ultimately depends on their graduation towards microenterprise development for generating income to improve the standard of living of its members. Arjun .Y. Pangannavar (2014), states that SHGs empower women politically, socially, psychologically and economically. It acts as the income source to the women and increases their saving activities. Also found that

development of SHGs was not popular or proper due to lack of motivating efforts from the motivators. S. Ravi, Dr. P. Vikkraman (2012), conclude that SHGs are the major players in the rural development and through SHGs the women are empowered. An increasing no of poor women in India are the member of SHGs and they are actively engage in savings and credit. SHGs help in empowering women both socially and economically through group activities. Olker (2011) observed that SHGs has attracted tremendous attention in recent years. Micro credit is an alternative source of credit for the poor. This system provides credits for the development of the poor sections of the society. SHG program is the right participatory approach for eradication of rural poverty and paradigm of rural development.

OBJECTIVES OF THE STUDY

The objective of this study is to analyses the role of self-help groups in generating employment in the rural areas.

METHODOLOGY

The Balasore district of Odisha has been selected for the present study. Three blocks are randomly selected for the study out of 12 blocks in the district. 300 women respondents have been selected including both group leader and members of SHGs. A structured questionnaire has been used to elicit information from the leaders and members of the SHGs. Simple statistical tools like percentage, average, ratios are used to analyses the collected data. Tables are used for data presentation and comparison.

ANALYSIS OF DATA

SHGs in rural areas act like an agent for self-employment especially for women. It is believed that an SHG – bank linked micro credit programme has the potential to lift people from the root of poverty by generating income earning opportunities. Self-help groups are specially formed to provide income generation skill to women for their economic and social wellbeing. Members of SHGs experience the facility of training, saving potential and the availability of a better credit facility usually helped generate a state of more increased income, women empowerment and further scope of credit availability for the family. To the members of SHGs with the help of NGOs and the NABARD various skill training programmes are provided as farming in modern way , food preservation, knitting, fast food preparation ,pickle making, basket making, handicraft ,tailoring and stitching etc., which provide the income opportunities to women to cop-up their problems of poverty. This part provides the detailed analysis of the types of economic activities engaged by the SHG members and the role of SHGs in employment generation in rural areas.

ECONOMIC ACTIVITY WISE DISTRIBUTION OF THE SHG BENEFICIARIES.

In the study area the sample beneficiaries are engaged in both farm and non-farm income generating activities and also some of them not includes any of these activities (housewife). Farm activities include agriculture, commercial farming, fish farming and livestock activities. Non-farm activities include food processing, household industries, trade and commerce and others. Further agriculture includes cultivation of paddy and pulses. Commercial farming includes production of ground nuts, betel leaves, mushroom, vegetables; flowers. Pisciculture includes fresh water fishery, marine fishery, prawn culture and dry fish. Livestock includes dairy, goat rearing and poultry. Food processing includes pickle preparation, buddy and mixture, sweet preparation, chips and biscuit. Household industry includes making of incense

sticks, mat, basket, handicraft, toy and appliqués, paper packets, mask and cloth appliqué. Trade and commerce include cloth shop, feed store, grocery business and stationary. Others include mid-day meal preparation, chhatua for anganwadi, catering service. The following table shows occupational pattern of sample beneficiaries before and after joining the SHG.

Table 1: Occupational Pattern of SHG Respondents During Pre And Post-SHG Periods

| Occupational Pattern | Number Of Respondents | |
|------------------------|-----------------------|-----------|
| | Pre- SHG | Post- SHG |
| House wife(unemployed) | 50(16.67) | 19(6.33) |
| Daily labour | 36(12.00) | 17(5.67) |
| Agriculture | 92(30.67) | 32(10.67) |
| Commercial farming | 22(7.33) | 42(14.00) |
| Livestock | 42(14.00) | 35(11.67) |
| Pisciculture | 16(5.33) | 24(8.00) |
| Household industry | 10(3.33) | 51(17.00) |
| Food processing | 12(4.00) | 40(13.33) |
| Trade and commerce | 12(4.00) | 22(7.33) |
| Others | 8(2.67) | 18(6.00) |
| Total | 300(100%) | 300(100%) |

Source – primary data, Note: figure in parentheses are the column- wise percent to total.

An analysis of the beneficiaries' occupational pattern before and after joining the SHG is shown in table -1. The respondents were asked about their pre and post SHG activities. It was found that prior to taking up SHG activities 16.67 per cent of members were not engaged any of these economic activities and are house wives. 12 per cent of members are daily labour, 30.67 per cent of member were engaged in agriculture, 7.33 percent in commercial farming, 14 percent in livestock, 5.33 percent in pisciculture. Out of the employed beneficiaries' about 68 percent members were engaged in farm sector (agriculture, allied and livestock) during pre SHG period. The members engaged in non-farm activities are only about 30 percent. The proportion of members engaged in non-firm sector like household industry, food processing, trade and commerce and others during the pre-SHG phase was 3.33 percent, 4 per cent, 4 per cent, and 2.67 per cent respectively.

It is shown in the above table that the occupational pattern of sample beneficiaries has been changed during the post- SHG period. However after joining SHG, the unemployment rate is reduced by around 10 percentage points and the dependence on agriculture reduced by around 20 per cent percentage points, livestock by 3.67 per cent, and daily labour by 7.67 per cent, the same for commercial farming rose by 6.77 per cent, household industry by 13.77 per cent, food processing by 7.33 per cent, trade and commerce by 3.33 per cent during the pre and post SHG periods. During the post SHG period the non-farm employment increased about 40 percentage points because of credit availability, better training facilities to the SHG members with the help of NGOs and NABARD.

EMPLOYMENT GENERATION

SHG has played a significant role in the employment generation. It has conducted various training programmes with the help of NABARD and NGO's to increase skill and capacity of rural

Women. SHG also provide a facility of micro-saving and micro-credit to women to enhance their business. No doubt, if the financial assistance utilized properly, it generates gainful employment opportunities in the rural economy. It was found that the sample respondents also got gainful employment opportunities. Thus employment situation in the pre and post SHG periods for the sample beneficiaries is discussed below.

EMPLOYMENT SITUATION IN PRE-SHG PERIOD

The employment in pre-SHG period is shown in table-2. In this table, it is found that 16.67 percent of sample beneficiaries are housewives and not engaged any gainful economic activities. Thus they are unemployed. Among the employed beneficiaries a major portion of sample engaged in agriculture sector and provides employment on an average to the extent of 162 person days. Commercial farming provides average employment to the extent of 191 person days. Daily labor has provided the least employment to the extent of 121 person days and trade and commerce has provided the most employment to the extent of 265 person days. Other activities like pisciculture, household industry and others have provided more than the average employment. Therefore pisciculture, household industry and others have provided average employment to the extent of 201,178 and 209 person days respectively.

Table-2: Employment Situation in Pre-SHG Period For Sample Beneficiaries.

| Economic Activity | Number Of Beneficiaries Engaged In Pre-SHG | Total Employment Generated In A Year (Person Days) | Average Employment Generated In A Year (Person Days) |
|-------------------------|--|--|--|
| Housewives (unemployed) | 50 | - | - |
| Daily labour | 36 | 4356 | 121 |
| Agriculture | 92 | 14904 | 162 |
| Commercial farming | 22 | 4202 | 191 |
| Livestock | 42 | 5250 | 125 |
| Pisciculture | 16 | 3216 | 201 |
| Food processing | 10 | 1610 | 161 |
| Household industry | 12 | 2136 | 178 |
| Trade and commerce | 12 | 3180 | 265 |
| Others | 8 | 1672 | 209 |
| Total | 300 | 40526 | 162 |

Source – compiled from the data collected.

Employment Situation in Post- SHG Period

Financial assistance with proper skill training facility acts as an instrument for creating employment opportunities. SHGs are get finance by the banks and by utilising the funds for certain income generating activities which will influence the employment of the sample beneficiaries. This is shown in table-3. It is shown in the table that about 6.33 percent of sample beneficiaries still unemployed after joining SHG. But the unemployment rate was decreased during this period. It is noted that non-farm activities generated higher number of person days of employment in the same area. Household industry, trade and commerce and others generated 261,296 and 239 person days of employment respectively. On the contrary agriculture could generate 201 person days of employment on an average person followed by 161 and 154 person days of employment by daily labour and livestock respectively. Food processing, commercial farming and pisciculture generated 254, 274 and 289 person days of

employment respectively.

Table -3: Employment Situation in Post SHG Period for Sample Beneficiaries.

| Economic Activity | No Of Beneficiaries Engaged In Post-SHG | Total Employment Generated In A Year (Person Days) | Average Employment Generated In A Year (Person Days) |
|--------------------------|--|---|---|
| Housewives(unemployed) | 19 | - | - |
| Daily labour | 17 | 2737 | 161 |
| Agriculture | 32 | 6432 | 201 |
| Commercial farming | 42 | 11508 | 274 |
| Livestock | 35 | 5390 | 154 |
| Pisciculture | 24 | 6936 | 289 |
| Food processing | 51 | 12954 | 254 |
| Household industry | 40 | 10440 | 261 |
| Trade and commerce | 22 | 6512 | 296 |
| Others | 18 | 4284 | 239 |
| Total | 300 | 67193 | 238 |

Source – compiled from the data collected.

A look at this data makes us infer that the financial assistance provided by SHGs is productive and efficient in generation of employment to rural farm and non- farm (activities) workers in general.

7.3 Growth of Employment during Pre and Post- SHG Period.

Table -4 presents the growth of employment during pre and post SHG period. It is found that the overall growth of employment during pre and post SHG period is 46.91 percent. But the growth of employment across activities is different. In case of food processing, there is highest percentage of increase in employment i.e. 57.76 percent and trade and commerce experience the lowest percentage of increased in employment. The growth of employment in food processing is followed by household industry where the growth of employment is more than the average growth. On the other hand, rest of the activities have growth of employment less than the average growth. In case of agriculture the growth of employment is 24.07 per cent which is less than the average growth of employment. Though the growth rate is low agriculture with its allied sector is the largest source of employment in rural area.

Table -4: Growth of Employment during Pre and Post – SHG Period.

| Economic Activity | Average Employment Generate In A Year(Pre-SHG) | Average Employment Generate In A Year(Post-SHG) | Increase In Employment | % Increase In Employment |
|--------------------------|---|--|-------------------------------|---------------------------------|
| Daily labour | 121 | 161 | 40 | 33.06 |
| Agriculture | 162 | 201 | 39 | 24.07 |
| Commercial farming | 191 | 274 | 83 | 43.45 |
| Livestock | 125 | 154 | 29 | 23.20 |
| Pisciculture | 201 | 289 | 88 | 43.78 |
| Food processing | 161 | 254 | 93 | 57.76 |
| Household | 178 | 261 | 83 | 46.62 |

| | | | | |
|--------------------|-----|-----|----|-------|
| industry | | | | |
| Trade and commerce | 265 | 296 | 31 | 11.69 |
| Others | 209 | 239 | 30 | 14.35 |
| Overall | 162 | 238 | 76 | 46.91 |

Source –compiled from the data collected.

FINDINGS

From the above analysis it is observed that SHG plays an important role in employment generation in rural areas. It is shown that in pre-SHG period the unemployment rate is 16.66 percent decreased to 6.33 percent among the sample beneficiaries. Again in pre SHG period the average employment which was 162 person days increased to 239 person days in post SHG period. It is also found that the growth of employment is different across different activities. The overall growth of employment is 46.96. It is also found that the occupational pattern of the sample beneficiaries are changed during post- SHG period.

CONCLUSION

From the above discussion, it may be concluded that SHG participation influence the employment of the sample beneficiaries. Though the study is confined to Balasore district, it may be generalised that SHG proved to be a successful strategy in achieving the objective of generating employment in rural areas. However increase in employment of the beneficiaries differs from activity to activity, food processing, household industry are found to have more employment generating potential in compare to other activities in the district.

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